

INFORMATION REPORT INFORMATION REPORT

CENTRAL INTELLIGENCE AGENCY

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COUNTRY Bulgaria

REPORT

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SUBJECT State Insurance Institute

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State Insurance Institute in Sofia

1. Since June 1946 all the functions of former private insurance companies have been exercised by the State Insurance Institute (Duzhaven Zastrakhovatelnen Institut). The central management of the Institute, directly responsible through its director to the Minister of Finance, is located at 6 Ploshtad Ruski, Sofia. The Institute maintains district agencies (okruzheni agentsii) and urban agencies (gradski agentsii) in all major towns, and sub-agencies in villages throughout Bulgaria.
2. The principal functions of the management are administrative and control, fixing premiums, agents commissions, organization, and financial supervision of the district branches. Basic policy lines are formulated at an annual meeting in which the director of the institute, his deputy, department heads, and the secretary of the party cell participate. These resolutions are subject to the approval of the Minister of Finance, or extraordinarily, of the Council of Ministers.
3. The principal departments of the Institute are as follows:
 - a. Fire insurance (otdelenie pozhar);
 - b. Life insurance (otdelenie zhivot);
 - c. Agricultural insurance (zemedelsko stopansko otdelenie), which covers fields, livestock, beehives;
 - d. Transportation (vehicle) insurance (otdelenie transport);
 - e. Organization (otdelenie organizatsiya); and
 - f. Control (revizionen otdel).

The management staff has been reduced from 300 in 1953 to 120 in 1955.

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General

4. The insurance of private, public, and cooperatively owned buildings, as well as fields, livestock, and vehicles is compulsory in Bulgaria. Local councils must submit lists of all property in these categories each year, and premiums are fixed on the basis of a national inventory compiled in 1952. Government-owned real estate is insurance exempt.
5. Insurance premiums are modified once every year or two, and the present rates took effect 1 July 1955. Premiums are not generally excessively high; cooperative labor farms pay ten percent less than private owners.
6. Owners of property subject to compulsory insurance must declare before 1 January of each year, and pay premiums by 25 September. The Institute may impose a fine equal to three percent of the premium for each month of delay. While in theory the Institute must meet obligations toward every justified claim regardless of whether the premiums have been paid, in actual practice delay of payment for a few months has drastic consequences, including possible property confiscation.

State Insurance Institute in Plovdiv

7. The Plovdiv branch of the Institute employs 42 persons, including a manager and his deputy, eight clerks for fire and life insurance, five clerks dealing with vehicular and agricultural insurance, five accountants, and 22 inspectors. The town is divided into 22 districts, each under an agent (zastrakhovatelyen deyatel). In addition to the town branch of the Institute, Plovdiv is also the seat of an agency in charge of the district outside the urban administration, which employs 50 staff members and 200 agents.
8. Of the approximately 32,000 buildings subject to insurance in Plovdiv, the following 31,500 are covered by the Institute:
 - a. 30,000 residential buildings;
 - b. 1,200 buildings administered by "Zhilfond" (Housing Fund);
 - c. 100 clubs and libraries;
 - d. 50 cooperatives buildings;
 - e. 50 churches and mosques; and
 - f. 100 public buildings.
9. Insurance is a source of considerable income for the government. Fire insurance policies in Plovdiv amount to 250 million leva annually, and premiums on this sum reach 220,000 leva per annum. Since annual payments on claims of this type do not average more than 30,000 to 40,000 leva per year, the Institute in Plovdiv thus derives an annual income of 180,000 leva annually from fire insurance alone. The total amount of annual premiums in Plovdiv is about 2,500,000 leva, leaving a net income of two million leva after deduction of staff salaries.
10. Fifty percent of insurance profits are paid into the Treasury's account at the Bulgarian People's Bank, while one percent is invested in re-insurance, principally with Soviet and East German companies. The majority of the remaining 49 percent is paid to veterinary, agricultural development, and fire fighting funds. The capital of these funds is set aside to be paid out in their respective fields in the form of subsidies on annual recommendations of the Treasury (Ministry of Finance?) and the Council of Ministers. The first two funds are administered by the Ministry of Agriculture, while the Ministry of Internal Affairs handles the third. A certain percentage of the balance also serves the Institute as a reserve fund.

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